

Analysis of Factors Influencing the Decisions over Purchasing Second-Hand Products

Yusra Farooq Baqal¹ & Shlair Abdulkhaleq²

¹Faculty of Administrative Sciences and Economics, Ishik University, Erbil, Iraq

²Full bright scholar, Wright State University, Fairborn, Ohio, USA

Correspondence: Yusra Farooq Baqal, Ishik University, Erbil, Iraq. Email: yusra.baqal@ishik.edu.iq

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Abstract: Second hand products are gaining more prominence in the present era of the world because there is an improvement in technology on a daily basis. This means that the products produced today will be outdated tomorrow and in order to go for an advanced version, there is a need to sell used products. The selling of second hand products makes today's buyer to become a seller tomorrow, which are both profitable for the two parties. In this respects, there are certain factors influencing the purchase of these products considering the fact that they have been used before. These factors include; price, risk, market place and brand. Sometimes, we cannot say price is the only reason for purchasing these products since both rich and poor are now going for it. But definitely, price constitutes one of the main reasons because it is reasonable to buy a second hand product in good condition to perform the same task with the new product at a cheaper rate. Other influencing factors such as risk play a pivotal role as well because these products have been used before and they might be sold due to some faults, which could eventually make them useless for new buyers. The different roles played by these influencing factors have been well explained in this project using both primary and secondary data.

Keywords: Second-Hand Products, Used Goods, Brand, Price, Risk, Market Place, Purchase Intention

1. Introduction

The term second-hand goods describes a good in an exchange transaction that is favorable to the buyer including the product of the transaction with attracting price as a result of value depreciation associated with its previous ownership. The product of the second-hand is differentiated from the new version of the product due to the fact that it cannot claim the status of the first-owner in the life of the buyer. Second hand objects are considered to be goods, which at some period during their production passed through the possession of a person via the channel of trade or free gift. In the traditional sense, the act of buying second hand was limited to local way of acquiring used products, generally regarded to be less expensive or cheap and financially attractive to a particular set of population (Williams & Paddock, 2003).

Since the advent of second-hand stores, second-hand markets and the Internet, there has been wide spread of second hand business activity, providing solutions to the expanding informal demand from sellers as well as growing expectations of buyers (Bauhain-Roux & Guiot, 2001). Furthermore, different factors such as price, brand, quality, and other factors determine the final decision of customers in buying second-hand products and also in purchasing new ones. The brand of a product plays a significant role in influencing customers' decisions to purchase it because the brand most times determines the level of trust customers have for it as well as the brand shows the quality of trustable products (Louis & Lombart, 2010). According to Tan, (1999) the image of the brand helps to reduce the level of risk associated with the quality and originality of the product. Another considering factor is market place or channel of buying the products like online stores. Attempt shall be made in this project to examine these influencing factors on the decision to purchase second hand products.

2. Literature Review

According to Westbrook and Black (1985) there are three basic motives for buying second-hand products, which includes; acquiring a product, satisfying the need for such product and achieving some objectives that are independent of the acquisition itself. This explains that the motive behind the purchase of second-hand products are found in the listed reasons, which mandate consumers to look for less expensive products as well as engaging in an informal method of business transaction. The motivation represents the motive behind individual engaging in the second-hand market.

Stone, Suzanne and Sally (1996) explain five dimensions that characterize the purchase of second-hand products in the following ways; non-planned and impulsive purchases, exploration and treasure-hunting, the atmosphere of the location, social interaction, and the search for quality products. Bardhi and Arnould (2005) conducted qualitative study on the motives behind buying of second hand products. They concluded on economic and hedonic motives to be driving force behind individual engaging in this form of acquisition. They further itemize six dimensions from economic point of view, though all the points are not considered to be motives but antecedents and consequences of buying the products. These include; making a careful plan about its purchase limit the rate of expenditure, bargain hunting, extending product life-times, reducing the act of using new product channels, and recycling used products. These writers review that these motives would allow buyers of second-hand products to rationalize and ethically justify their interests. The study basically aims at analyzing the complexity and interdependence instead of criticizing the economic and hedonic motives driving customers to purchase the products.

Liang, Pokharel and Geok (2009) focus on the remanufacturing of second-hand products with the explanation that remanufacturing requires constant supply of second-hand products with better economic incentives attractive enough for customers to return their used products. Guide, Tuenter and Van Wassenhove (2003) conducted a study on remanufacturing of used cellular phones explaining the need for the prices of used phones at various quality levels to put into consideration remanufacturing requirements due to the fact that the quality of used phones returned might be the same with the new version.

Robotis, Bhattacharya and Van Wassenhove (2005) also did research on the remanufacturing of second-hand phone with the outcomes that it is possible for remanufacturing to increase the value in the second-hand phones because it would allow the buyer to obtain some profits by re-selling the phones. Franke et al. (2006) argues that there is possibility for nearly 70% of the returned mobile phones in US and Europe to have economic reuse whereby the need to remanufacture such products could be considered significant for the main manufacturers of the first version. A person or an entity that engages in the purchase of goods for self or other benefits or usage is known as a customer (Solomon et al., 2013).

The various activities that a customer engages in during the process of choosing, using and disposing products are regarded to be customer behaviour or consumer behavior. There are different stages of process that customers usually pass through during purchasing period such as identification of problem (this is when there is a need for the product), searching information (this is when customer make findings about the quality of the product), evaluation (customers decides on possible alternatives), buying (the product is finally bought after considering all these factors) and finally the feedback (there is when customer ascertain the post-purchase decision) (Solomon 2009). Based on the results from the previous research carried out by the researchers, it shows that there are two significant factors influencing the decision of customer in buying second-hand products. The first one is known as individual factors which comprises of customer's perception, knowledge, inspiration, learning, personality, attitude, demographics and ways of life and the second one is environmental factors which covers culture, social class, family and ethnic groups (Sata, 2013).

3. Research Questions

The following questions are expected to be fully answered at the completion of this project:

1. Why do customers purchase second-hand products?
2. What are those factors influencing the decision to buy second-hand products?
3. What factor among brand, price, risk and market place influence the customer's decision to buy second-hand products more and how do those factors affect each other?

4. Methodology

The researcher used quantitative research method to obtain sufficient information. Secondary data was used to review different literatures in this research. This research is based on the post positivism approach. The deductive approach is adopted to analyse the purchase intention of the customers to buy second hand products with respect to its price, risk, brand and place. This study used secondary research to obtain necessary information needed for the review of literature whereby the different definitions of second hand products, brand, price, market place and risk. This study also uses quantitative approach to collect primary data. The questionnaire was adopted with five point Likert scale where demographic factors like age income and gender were also taken as moderating factors in this research. The data was collected with random sampling method from different customers who intend to buy second hand products online or through any other medium. The data was fed into MS Excel first treated with the missing values and variation was checked with formula. The data was converted into 4 independent

variables i.e. brand, price, risk and place and core dependent variable is the purchase intention of the customers to buy second hand products.

5. Data Analysis

Table 1: Reliability statistics

Cronbach's Alpha	N of Items
.620	5

The reliability test of Cronbach's Alpha of all dependent and independent variables were tested in SPSS and the overall value of the alpha is $\alpha=.62$ which shows reliable data. The reliability of the questionnaire is low but it's because of the total number of the respondents are low. The significant value of alpha is considered as .7 or more than .7 but in this case the alpha value is .62 due to the low sample size.

Table 2: Demographic analysis

	Male	49%
Gender	Female	51%
Age	Less than 18	12%
	18 – 25	54%
	26 – 33	23%
	34 – 41	6%
	42 – 49	2%
	Over 50	3%
Marital Status	Married	29%
	Single	71%
Income Level (\$)	0 – 499	43%
	500 – 999	35%
	1000 – 1999	12%
	2000 +	10%

Table 3: Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Brand	103	1.80	4.60	3.2078	.67267
Price	103	1.80	5.00	3.5845	.68295
Risk	103	2.00	4.50	3.3670	.64889
Place	103	1.00	4.60	3.3340	.57829
Purchase_int	103	1.50	5.00	3.5146	.79661
Gender	103	1.00	2.00	1.5146	.50223
Age	103	1.00	6.00	2.4078	1.03315
Marital	103	1.00	2.00	1.2913	.45657
Income	103	1.00	4.00	1.8932	.96926
Valid N (listwise)	103				

Descriptive statistics of the variables are given as follows which shows the total number of respondents is 103 with maximum and minimum value in each variable. The standard deviation of each variable is also mentioned in the table proves that variables are deviating from their mean values.

Table 4: Detailed analysis of individual items of the questionnaire

Questions	SD%	D%	I am not sure %	A %	SA %	Mean	Std. Deviation
1.The product's brand is an important factor for me	3.9	22.3	20.4	41.7	11.7	3.3495	1.07292
2.As a customer, brand products fascinate me more when buying second-hand products	10.7	17.5	25.2	41.7	4.9	3.1262	1.09973
3.I am willing to pay a higher price for the second-hand product if it's a well-known brand	8.7	21.4	14.6	33.0	22.3	3.3883	1.28516
4.I prefer to buy second-hand products of a well-	9.7	23.3	17.5	35.9	13.6	3.2039	1.22362

known brand

5. As long as it's a branded product, the second-hand product's age does not matter	14.6	22.3	22.3	30.1	10.7	3.0000	1.24460
6.The price of the product is very important to me	8.7	9.7	13.6	41.7	26.2	3.6699	1.21581
7.I prefer to buy second-hand products because they are cheaper compared to new products	8.7	20.4	21.4	25.2	24.3	3.3592	1.28989
8.When buying second-hand products, you can bargain about the price	8.5	6.8	27.2	39.8	20.4	3.6214	1.06749
9.Paying less is the main purpose of purchasing second-hand products	6.8	13.6	14.6	36.9	28.2	3.6602	1.21714
10.Offering a price for the second-hand product depends on the product's current condition	2.9	10.7	28.2	38.8	19.4	3.6117	1.01202
11.I'm concerned about the performance of second-hand products	7.8	16.5	21.4	35.0	19.4	3.4175	1.20069
12.I'm concerned about the durability of second-hand products	8.7	9.7	17.5	48.5	15.5	3.5243	1.13625
13.I can't trust that the seller's provided information is all true	5.8	21.4	19.4	35.0	18.4	3.3883	1.18183
14.Economically it is not safe to buy second-hand products without warranty	12.6	17.5	20.4	35.0	14.6	3.2136	1.25753
15.It is more risky to purchase second-hand products online	9.7	16.5	24.3	30.1	19.4	3.3301	1.23977
16.It's less risky to purchase second-hand products from store	10.7	16.5	15.5	43.7	13.6	3.3301	1.21581
17.The location of a second-hand product seller is important to me	10.7	25.2	15.5	34.0	14.6	3.1650	1.26101
18.Online second-hand stores are more attractive than physical stores	9.7	24.3	24.3	30.1	11.7	3.0971	1.18416

19.The option of purchasing second-hand products from store is preferred over online	6.8	21.4	32.0	27.2	12.6	3.1748	1.11520
20.Second-hand marketplace is good for getting information about the products, even if there is no intention to buy them	5.8	15.5	17.5	48.5	12.6	3.4660	1.08298
21.Testing the second-hand products before buying is desirable	4.9	7.8	19.4	41.7	26.2	3.7670	1.07743
22.If I find the second-hand product I'm looking for, I usually buy it	3.9	14.6	20.4	36.9	24.3	3.6311	1.12014
23.When I search for second-hand products online, I intend to buy them	2.9	22.3	28.2	25.2	21.4	3.3981	1.14052
Valid N (listwise)	103						

Table 5: In general, you prefer to do your shopping

	Frequency	Percent	Valid Percent	Cumulative Percent
Over the Internet	23		22.3	22.3
In a retail store	36	35.0	35.0	57.3
Both of them	44	42.7	42.7	100.0
Total	103	100.0	100.0	

Table 6: How often do you use Internet for shopping?

	Frequency	Percent	Valid Percent	Cumulative Percent
Very often	19	18.4	18.4	18.4
Often	22	21.4	21.4	39.8
Sometimes	36	35.0	35.0	74.8
Rarely	12	11.7	11.7	86.4
Never	14	13.6	13.6	100.0
Total	103	100.0	100.0	

Table 7: I have bought second-hand product by using Social network (e.g. Facebook group)

	Frequency	Percent	Valid Percent	Cumulative Percent
Social network	41	39.8	39.8	39.8
Web site	34	33.0	33.0	72.8
Retail store	8	7.8	7.8	80.6
News Paper	20	19.4	19.4	100.0
Total	103	100.0	100.0	

Table 8: What type of second-hand product have you bought last time (e.g. TV, Mobile phone, clothes)

	Frequency	Percent	Valid Percent	Cumulative Percent
Mobile Phone	26	25.2	25.2	25.2
TV	35	34.0	34.0	59.2
Clothes	20	19.4	19.4	78.6
Jewellers & Accessories	1	1.0	1.0	79.6
Electronic Devices	6	5.8	5.8	85.4
Cars	5	4.9	4.9	90.3
Others	10	9.7	9.7	100.0
Total	103	100.0	100.0	

6. Discussion of Research and Result

The main aim of writing this research is to examine different influencing factors in purchasing second hand products. Some factors such as brand, price, market location and risks were itemized and discussed in the literature review using different citations from many authors to theoretically examine how these factors affect the purchase-decision of second hand products. The outcome shows that there is no wide gap between the genders as the male constitutes 48% and female 51% of the respondents. Majority of them fall between the age of 18 to 25 (54% of the respondents). Many of them are single (70%) and just a few are married (30%).

In the questionnaire, questions relating to the research topic were structured in a way that all the available factors (brand, price, risk and market location) had their sections with different questions asked about to separately ascertain how each factor influences the decision to purchase second hand products. Starting from the significance of brand, the level of its significance to customers, the relationship between the motivation to purchase second hand products and product brands were asked. It was found out that 41.7% of the respondents agreed on the significance of product brand with 11.7% strongly agreed. Also 41.7% of the respondents agreed on product brand as a fascinating factor for them to purchase second hand products with 4.9% strongly agree. 33% of the respondents agreed to pay higher price for a second hand product that has a popular well-known brand with 22.3% strongly in support as well. 35.9% of the respondents preferred to buy second hand products of well-known brand, with 13.6% strongly agreed. The results of all questions asked to ascertain the influence of brand on the purchase of second hand products prove that there is a strong connection between them.

The second influencing factor is known as price. Many questions were asked about the influence of price in purchasing second hand products. The result shows that majority of the respondents (41.7%) agreed that the price of a product is important to them in the decision to purchase and 26.2% of the respondents strongly agreed in the same decision. In addition, majority of the respondents (25.2%) preferred to buy second hand products because they are cheaper compared to new products, and 24.3% of them strongly agreed to this as well. Majority of the respondents (39.8) agreed on the possibility to bargain the price when buying second hand products and 20.4% strongly agreed. Majority of the respondents (36.9%) agreed that paying less is the main purpose of purchasing second hand products and 28.2% strongly agreed as well. This means that price plays a pivotal role in the decision of customers to purchase second hand product.

The next influencing factor is risk and many questions were asked as well in order to determine the influence of risk in buying second hand products. The result shows that majority of the respondents (35%) agreed to be concerned about the performance of second hand product before to buy it and 19.4% strongly agreed. This is to reduce the level of risk inherent in purchasing it. Majority of the respondents (48.5%) agreed to be concerned with the durability of second hand products, and 15.5% strongly agreed. 48.5% of the respondents agreed that they cannot trust all the information provided for them by sellers when purchasing second hand products, and 18.4% strongly agreed. 35% of the respondents agreed that it is not safe economically to buy second hand products, and 14.6% of them strongly agreed about it. 30.1% of the respondents agreed that it is more risky to purchase second hand products online and 19.4% strongly agreed. 43.1% also agreed to the fact that it is less risky to purchase second hand products from store, and 13.6% strongly agreed. Market location is the last influencing factor that would be examined. Based on different questions asked, the result shows that majority of the respondents (34%) agreed to the fact that the location of second products' seller is important to them, and 14.6% strongly agreed to this as well. 30.1% of them agreed that online stores for second hand products are more attractive than physical stores and 11.7% strongly agreed. 27.2% agreed to prefer the option of purchasing second hand products from store than online and 12.6% strongly agreed. This means that though, they support the attractiveness of online second hand store but they still prefer to buy from physical stores in order to see physically and test what they want to buy. 41.7% of them agreed to test second hand products before buying them and 26.2% strongly agreed to this. 48.5% of them agreed that second hand market place is good for getting information about the products even of there is no intention

to buy them and 12.6% strongly agreed. This shows that market location has a great influence in purchasing second hand products.

7. Conclusion

There are different factors influencing the decision of a buyer to purchase second hand products as it has been explained both theoretically and statistically in the body of this research. The result of the finding shows that majority of the respondents (34%) agreed price as the most considerable factor when purchasing second hand products followed by brand, which has 26.2% of respondents while 21.4% of the respondents agreed on the product performance, 10.7% agreed on location and 7.8 % chose other factors. This justifies the arguments of Guiot and Roux (2010) who state that customers purchase second-hand products because of rational and economic reasons. From this rational and economic perspective, it is not a surprise that buyers would prioritize price as the most considering factor to go for second hand products. According to Drakopoulos, (1990) there is a strong connection between price, economic and rational behavior. This study also finds out that those influencing factors on the decision to purchase second hand products are the same when buying new products. This means that sellers are expected to put these factors into consideration in order to excel in this present competitive business environment. This study would recommend the need to design a better business approach or strategy that is effective enough to secure the inherent risks in the purchase of second hand products. Considering the way technology is advancing on a daily basis, there would always be an improved version of every device and the need to change them requires the sale of used one in order to get a new one. Second hand products now constitute a very important part of business environment and human needs and this necessitates the need for a better strategy to curtail its level of risk and manage the conditions of their prices in order to enhance the decisions of customers in purchasing them.

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